

Restructuring the Company – the Systemic Consulting Approach Applied in an Intercultural Context

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The Situation

Germany's biggest telecommunication company, like most others in Europe, is acting globally. It has acquired a majority of shares in several telecommunication companies formerly owned by the government, especially in East European countries such as in Croatia, Hungary, Slovakia and Poland. The mother company is based in Germany. It has undergone several restructurations. As of today the big structure contains of the biggest business unit for fixed, landline network, the business unit for mobile phones and the business unit for IT solutions and training. Our client was the daughter company in Slovakia, which in 2006 still had 3500 employees. Its biggest unit was responsible for the technical installation of landline network and service delivery to customers, and new product lines like Voice over IP and TV per internet. Due to radical technical changes from analog to digital processes and a high competitive environment, the unit needed to reduce its head count from 1900 to 1200 people. Moreover, the unit goals asked for restructuring of all business processes, as the reduced work force would not have been able to manage the same amount of work efficiently and effectively.

The Highlights of this Paper

- How can the systemic consulting approach help in a highly complex intercultural business environment?
- What influence did cultural diversity have on the project and how did the consultants deal with it?

The Demand

The unit top manager of the unit requested synetz to help in the process of restructuring, as he was not sure how to go about it. He knew synetz from its Advanced Leadership Development Program conducted throughout the entire company. Change Management had been one of the major topics of that program.

How can the Systemic Consulting Approach Help?

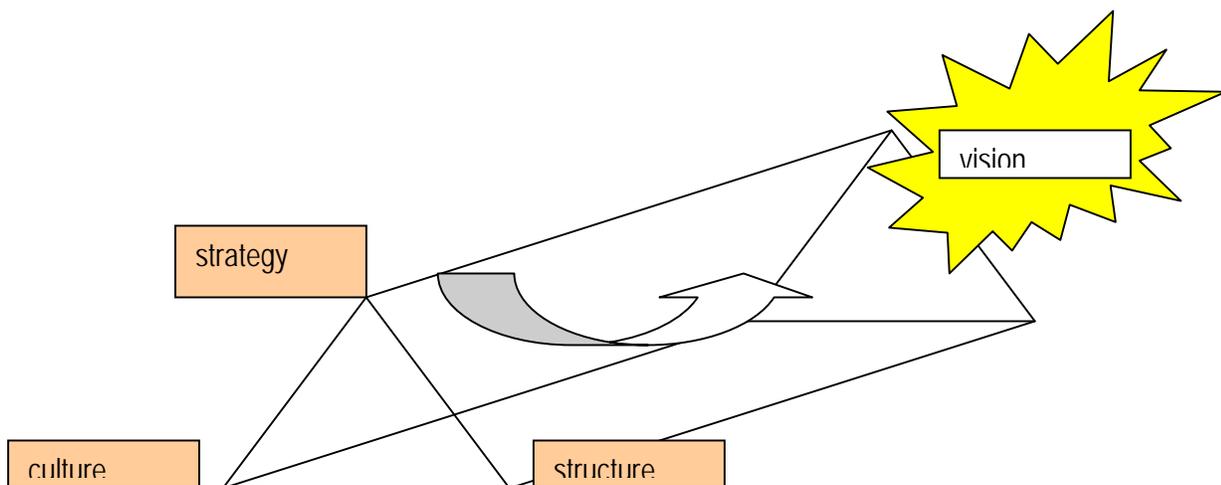
In systemic thinking all depends on the perception of the observer or acting system. Consciously, we take the position of a non evaluating external party, describing our impressions while at the same time claiming not to have all the answers, but hoping that our impressions (assumptions) would create the impulse which would lead the system to self improvement.

Compared to the classic Expert Consulting Approach, the Systemic Approach creates differences that make a difference:

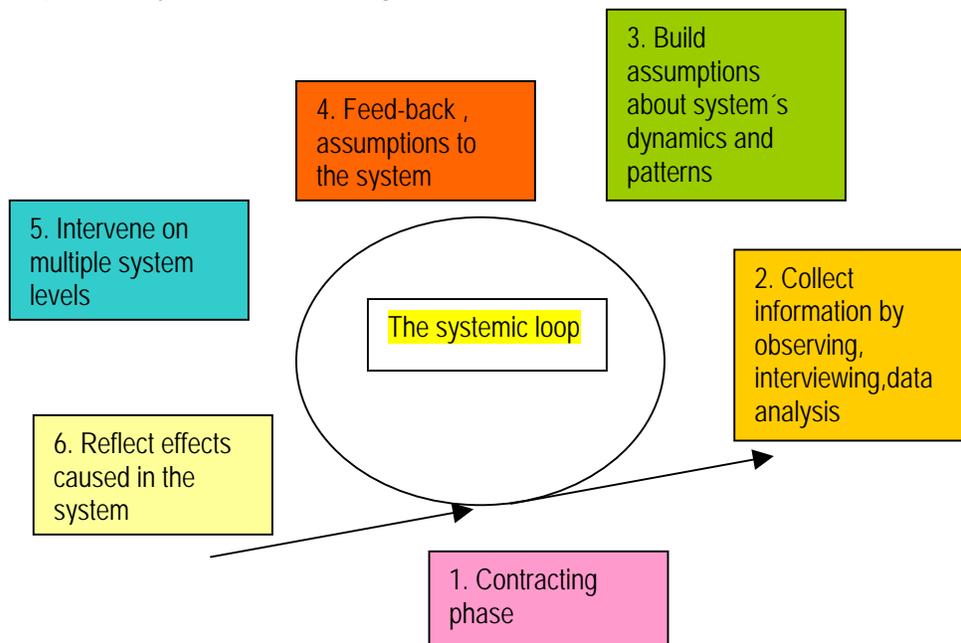
Classical Approach	Systemic Approach
Machine	Ideas and language create new realities
Strict focus on goals	Everything flows – goals evolve
Without control and reason there is no progress.	There is space for emotions and self-improvement
Change people	To look at patterns of the system
Quick solutions	Sustainable solutions - change takes time
Consultant is like an engineer who fixes problems and improves processes	Consultant is seen as a gardener or midwife
Client is the top management	Client is the whole organization seen as a system
We make evaluations and take positions	We offer reflections without judgments
We focus on objective reality: numbers, data and facts	We unlock energies and strive for model relationships and communication

A systemic intervention is a goal oriented, conscious communication between the consultant and client system. It respects the autonomy of the client system. The client system decides whether the intervention causes a reaction in the system or not. Every communication undertaken by the consultant can be interpreted by the client system as intervention. Hence communication is a very conscious intervention "tool" at every stage of the change process.

We intervene on the strategic, cultural and structural level of an organization towards the future.



The steps in/of systemic consulting:



synetz' assumptions

After an intense interviewing session with the top manager, his three directors and several other representatives of the system, feedback was given:

- There had been already very positive approaches to develop a positive future outline by working with a group of so-called young wilds, with whom the CEO developed scenarios of a "new" unit - green field approach.
- The top manager seemed to be personally very convinced and committed that the business optimization, restructuring and downsizing processes were necessary steps as well as big chances for the unit.
- The overall goals that the management team wanted to reach, seemed not yet clear to the whole system.
- The focus was mainly on structural aspects of process optimisation.
- Technical aspects of identifying the head count which should be reduced, was a second focus.
- Possible consequences for the remaining work force were not considered.
- The communication regarding the need for change, head count reduction and new business process implementation were so far not considered sufficiently.
- A clear vision of "where are we heading to?" was not visible.
- The restructuring process was so far not considered a project, but handled like a personal function and responsibility of each director.
- Employees were very suspicious about the idea and feared the loss of their job.

Goals of the Change Process

Based on the external assumptions given, an intense process of defining the goals for the change process started together with the management. Several sessions were needed before the client system arrived at the following goals.

- New optimised business processes are defined and established at the end of the year
- Problems customers may face during the transition phase are kept to the minimum
- The strategy is formulated and internalised by the departments and the team leaders
- 700 people are retrenched at the end of the year
- The work force feels well informed and motivated

Consultant's Interventions - Proposal and Implementation

- ★ Based on synetz' **assumptions** which were shared with management, a **change architecture** was set up. The planned change process acquired a **professional project structure**, an internal project leader, clear goals and success criteria.
- ★ The top manager and his directors established a **steering committee** to reflect the whole process continuously.
- ★ A **change driver** team of 15 members from all hierarchical levels was established. The team 'drove' every month for 1.5 days every step of the change activities. It worked out arguments for the need for change.
- ★ The top manager and his three directors together did two **team building** workshops in order to be able to handle this change collectively. The second one focussed on the **new strategy**.
- ★ A so-called **communication wave** (like a road show) was installed: the team of four leaders went personally to all regions, presented the need for change to the work force and discussed the way on how to go about it. This wave was repeated every three months.
- ★ All leadership positions were cancelled and people had to apply anew. This was considered a revolution, as it took place in total transparency regarding the wish list of an **ideal competence profile, work experience and leadership behaviour**.
An **ECHO forum** was established, inviting every three months about 100 employees to give a feed back concerning the whole process and propose improvements.
- ★ All employees who had to quit the company were informed by the former Heads of Teams or Heads of Departments within one week. For all these employees so-called "**farewell days**" were organised with a word of thanks and a small gift.
- ★ **All business processes were revisited**, new ones created and useless ones discarded. During a large group event for new Heads of Teams and Heads of Departments, the newly created processes were presented and tried out practically on the spot. Gaps and unclearities were collectively reduced.
- ★ The **new Heads of Departments participated in two team development** workshops to get to know each other and to learn straightaway how they could effectively co-operate so as to support the new processes.
- ★ A **future forum** was established, where all leaders discussed and adopted the new strategy.

Duration and Results

After 11 months, the project was completed with success. 700 people were dismissed in an honourable way. The remaining work force appreciated this new style and kept up its confidence in the company. The new business processes have begun. To date not a single major fault has occurred and the customers have not experienced any major problem. The strategy was accepted by all leaders and it was highly appreciated that all the leaders were involved in the discussion. The work force felt very well informed – for the first time! More so because as they could voice their doubts and concerns and question the “why” of the change process. The top leader team of four works very well together. The change driver team was specially happy and satisfied as they had never experienced such a participatory way of reflecting and really steering a project together as in this project. Major impulses were given by them, a mixed group (hierarchy, departments, professions, nationalities, languages, age, gender) of increasingly committed employees.

Learnings from the Intercultural Context of Change Process

- As the systemic approach works primarily with the perceptions and needs of the client system, we could suit these needs accordingly.
- We perceived a high diversity of cultural layers which, as a whole, influenced the process more than the national cultural differences of Slovakia and Germany. We discovered the following layers: regional culture, national culture (political system’s culture – socialist/bureaucratic set up), branch culture – headquarter (representing also rural – urban difference and labour market), company culture, mother and daughter company culture differences, industrial sector culture of telecommunication (engineer – machine image) and age.
- From a more national/company cultural point of view, we could perceive a difference in leadership style, as to how hierarchy was symbolized and acted out. Whereas older leaders in the huge department were more paternalistic, protecting their people and their “garden”, the younger ones represented the urban, international project focussed style of involving people more and discussing. It seems as if age and educational background played a bigger role than the national culture.
- The German top manager showed a very humble, innovative, internationally experienced, team oriented and still strictly future and efficiency oriented leadership style, which became a role model for others. In an M&A cum international context, the intercultural attitude and competence of top leaders seem to be a key success factor. He was able to integrate fact and people’s orientation, rule acceptance and flexibility at the same time.
- Looking back, it seems as if the top managers intercultural team building session was one of the major success factors in our architecture. Here, the new leaders’ team gained team confidence, came to know their differences, build up their common ground (their passion for the company and the task, the new strategy) and acknowledged their own personal uniqueness.
- The second major success factor was the change driver team which took full responsibility for the change. It represented a new way of collective reflection on the patterns of the company, the perception of its people and development of its own interventions. Respect and inclusion of the various differences were crucial to the process of change.

- The respect they felt, applied specially to the farewell intervention. As the Slovakian culture is very relationship oriented, the farewell events turned out to be seen as a symbol for the changed pattern of this unit's culture to the better. Personal relationship could be shown to people who were dismissed. The dismissed employees themselves were deeply touched by the respectful and honourable way of separation.

Dr. Marion Keil is founder and member of the Management Board synetz - the Management Consultants in Germany. She holds a Ph.D. in Sociology having done her field work in India. She has worked in several African countries. Currently, she is actively engaged in Change Management, Leadership Development, Strategy Development, Diversity Management, Internationalisation, Large Group Facilitation, Team and Executive Coaching mostly in Europe. During the last nine years, synetz has established a network of consultants and trainers, who meet twice a year. They conduct projects, research and knowledge sharing together. SyNetwork – the knowledge network, as they call themselves. Interested? Please contact: www.synetz.de

